

MWI 5143.1

REVISION F

EFFECTIVE DATE: September 26, 2004

EXPIRATION DATE: September 26, 2009

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# **MARSHALL WORK INSTRUCTION**

**PS01**

## **CONTRACT CHANGE PROCESS**

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## DOCUMENT HISTORY LOG

Status (Baseline/ Revision/ Canceled)	Document Revision	Effective Date	Description
Baseline		5/14/99	Document converted from MSFC-P06.1-C06 to a Directive. Previous history retained in system as part of canceled or superseded ISO Document files.
Revision	A	8/16/99	Changes made to reflect new organizational codes. Editorial corrections made at 6, 6.a.(1), 6.b.(3), 9.a., and Appendix B.
Revision	B	6/25/01	Document renumbered to reflect format required by MPG 1410.2. Revised paragraph 1, Purpose, to delete reference to MSFC Quality System and add MPG 5000.1. Revised Paragraph 6, Instructions, to add a Project's Configuration Control Board Directive from the Space Shuttle Projects Office as a means of submitting requesting changes to the CO (Subparagraph 6.2). Revise Subparagraph 6.2.6 to include "negotiate an equitable adjustment for the contract change and".
Revision	C	8/13/01	Revised Paragraph 3, Applicable documents, to add Procurement Information Circular (PIC) 01-16. Revised Subparagraph's 6.1 and 6.2.2 to add PIC 01-16. Revised Appendix C Paragraph a. to change \$1,000,000 to read \$100,000 and add PIC 01-16.
Revision	D	8/26/02	Revised Paragraph 3, Applicable Documents, to delete PIC 01-16; Paragraph 6.1 and 6.2.2, deleted PIC 01-16; Appendix B, revised paragraph numbers; Appendix C, added "Procedures" to title, paragraph a (now C.1.1), revised to require approval of Procurement Officer on UCAs under \$100,000; paragraph b. (now C.1.2), changed requirement for issuing UCAs as a bilateral agreement to \$100,000; new C.1.3, requires funding profile prior to execution of UCAs over \$1M; paragraph c. (now C.1.4) changed Legal Office to Office of Chief Counsel, added requirement for Procurement Officer signature on Contract Change Authorization; new C.2, added exceptions to the requirement for Center Director or Procurement Office approval.
Revision	E	5/22/03	Updated Master List URL in footers. 3.4 changed title of MWI 5100.1, Procurement "Initiators" Guide to read Procurement "Requisitioners" Guide. Deleted the word "Initiator" and substituted "Requisitioner" throughout the document. Revised Appendix C to change the approval process for contracts that directly support the International Space Station or the Space Shuttle Program; added C.1.2 for processing undefinitized changes issued under contracts with "Swing Clauses" threshold.
Revision	F	9/26/2004	Throughout the document, denoted requirements with the verb "shall". Throughout the document, revised references from MWI 5100.1 PRG to IPR, MPG to MPR and NPG to NPR. Throughout the document, made grammatical, formatting and renumbering revisions as appropriate. Added NPR 1441.1 "NASA Retention Records Schedules" to Applicable Documents. Revised references to "Purchase Request" to read "Procurement Requisition". Paragraph 9.1, revised to include the title of NFS 1441.1.

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## 1. PURPOSE

This Marshall Work Instruction (MWI) provides the process by which a NASA/MSFC contract is modified and work instructions for implementing requirements defined in MPR 5000.1, "Purchasing."

## 2. APPLICABILITY

This MWI applies to all organizations issuing contract change requests at MSFC and other organizations which may cause or initiate a contract change.

## 3. APPLICABLE DOCUMENTS

- 3.1 Federal Acquisition Regulation (FAR)
- 3.2 NASA Federal Acquisition Regulation Supplement (NFS)
- 3.3 NPR 1441.1 "NASA Retention Records Schedules"
- 3.4 MPR 5000.1, "Purchasing"
- 3.5 MWI 5100.1, "Initiating Procurement Requisitions (IPR)"
- 3.6 PS-OWI-02, "Training"
- 3.7 PS-OWI-05, "Review and Execution of Procurement Documents"
- 3.8 PS-OWI-07, "Noncompetitive Procurement Documentation"
- 3.9 PS-OWI-10, "Negotiated Procurement Documentation"
- 3.10 PS-OWI-12, "Contract Delegations"

## 4. REFERENCES

None

## 5. DEFINITIONS

5.1 Change Order. A written contract modification issued pursuant to the contract "Changes" clause and signed by the Contracting Officer (CO). A change order directs the contractor to make a change in the terms, conditions and/or specifications of the contract.

5.2 Claim. A formal cost proposal submitted by the contractor seeking, as a matter of right, the equitable adjustment of contract cost and/or fee, arising from causes other than a change to the

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contract. This may include, for example, claims arising from compliance with new or revised Government environmental regulations, or from contract overruns. For purposes of this MWI, “claim” does not include claims under the Contract Disputes Act of 1978, which are handled in accordance with the Disputes clause in the affected contract.

5.3 Configuration Control Board (CCB). A board established formally by a program/project to document, review, evaluate and disposition all changes, and to exercise configuration control on all established baselines throughout the program/project life cycle.

5.4 Contract. A mutually binding legal relationship obligating the contractor to furnish the supplies or services (including construction) and NASA/MSFC to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants, cooperative agreements, and delivery orders with other Government agencies.

5.5 Contract Specialist. A person with specialized training in purchasing and contracting pursuant to the FAR and NFS who aids the CO in performing their responsibilities.

5.6 Contracting Officer (CO). A person, appointed in accordance with the FAR, with the sole authority to enter into, administer, change, and/or terminate Government contracts and to make related determinations and findings within the limits of their certificates of appointment.

5.7 Contracting Officer Technical Representative (COTR). A person who exercises specific authority and responsibility delegated by the CO (See PS-OWI-12). This individual represents the CO by providing technical management of the contract.

5.8 Contractor. The organization that provides a product or service to MSFC in a contractual situation.

5.9 Requisitioner. The person who prepares or is otherwise responsible for initiating the purchase/change requisition.

5.10 Modification. Any written change, either bilateral or unilateral, to the terms of a contract. A bilateral modification (Supplemental Agreement) is a contract modification that is signed by the contractor and the CO. A bilateral modification is used to make negotiated adjustment resulting from the issuance of a change order, definitize letter contracts, and reflect other agreements of the parties modifying the terms of the contract. A unilateral modification is a contract modification that is signed only by the CO. A unilateral modification is used, for example, to make administrative changes, issue change orders, make changes authorized by clauses other than a changes clause (e.g., Property clause, Option clause, etc.), and issue termination notices.

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5.11 Unfinitized Contract Action (UCA). A unilateral or bilateral contract modification or delivery/task order in which the final price or estimated cost and fee have not been negotiated and mutually agreed to by the CO and the contractor.

## 6. INSTRUCTIONS

6.1 This MWI relates primarily to the administration of contracts described in paragraph 3.3 of MPR 5000.1, "Purchasing." Roles of the various organizations and personnel involved vary with the phase of the change order/modification process, as identified in subsequent paragraphs. All changes to a contract shall be made in strict compliance with regulations as set forth in the FAR and NFS. Unfinitized contractual actions (UCAs) shall be issued in accordance with the instructions contained in NFS Subpart 1843.70. Specific MSFC instructions regarding issuance of UCAs are set forth in Appendix C.

### 6.2 Action by CO, Contract Specialist, COTR

6.2.1 Change(s) in contract requirements can be requested by the COTR, the contractor, or the CO, but only the CO shall direct the contractor to perform the changed work. Requests for changes shall be submitted to the CO in writing, utilizing any form or format acceptable to the CO (e.g., in the Space Shuttle Projects Office, requests shall utilize the Contracting Officer's Special Instruction Sheet (COSIS), MSFC Form 4179 or a Project's Configuration Control Board Directive (CCBD) provided that when a CCBD is used, the funding information required by the COSIS is included). A proposed change to the contract that impacts either cost or technical requirements (e.g., changes to the Statement of Work, specification, period or place of performance, delivery schedule, etc.) shall be reviewed and approved by the COTR and responsible organization/personnel (CCB, if applicable or Project Manager) prior to submission to the CO for appropriate action. This review shall ensure that applicable quality requirements, if different from the basic contract, are included. The CO shall, in consultation with the COTR and resources personnel, confirm in writing that adequate resource funding is available, or in the case of incrementally funded contracts, shall be made available. Any proposed change determined by the CO to be a "new work" addition to the contract (not authorized within the terms and conditions of the respective contract), shall be supported by appropriate contract documentation (see MWI 5100.1, "Initiating Procurement Requisitions" and PS-OWI-07).

6.2.2 Once the change has been authorized internally and is expected to require an equitable adjustment of cost and/or fee, the CO shall verify the availability of funds. The CO shall: request the contractor to submit a cost and/or technical proposal reflecting the planned implementation of the change (see Appendix B); or issue a change order, in accordance with NFS 1843.70 and Appendix C, which authorizes the contractor to implement the change and submit a cost and/or technical proposal.

6.2.3 The CO shall monitor the contractor progress in preparing and submitting proposals and resolving any questions or issues that might arise.

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6.2.4 Upon receipt of the contractor's proposal, the CO shall ensure that it is evaluated in accordance with the FAR, NFS, and PS-OWI-10. The COTR shall be responsible for submitting to the CO documentation of the technical evaluation.

6.2.5 Contractor proposals reflecting claims against the Government shall be coordinated by the CO through the MSFC Chief Counsel and evaluated generally in the same manner as proposals for equitable adjustments resulting from changes to the contract.

6.2.6 Subsequent to evaluation, the CO or Contract Specialist shall negotiate an equitable adjustment for the contract change and document the results of the evaluation and negotiation with the contractor in a negotiation memorandum which is part of the modification file (see PS-OWI-10). The CO or Contract Specialist shall prepare and the CO shall issue a modification incorporating the agreed to changes (See PS-OWI-05).

6.2.7 The COTR shall monitor the implementation of the change if there is a technical impact and shall report any discrepancies to the CO.

## 7. NOTES

None

## 8. SAFETY PRECAUTIONS AND WARNING NOTES

None

## 9. RECORDS

9.1 Records. Records associated with the Contract Change Process shall consist of essential procurement file documentation supporting the issuance of the change, the contract change order (if issued), the contractor proposal submitted in response to the change, essential file documentation reflecting the evaluation, negotiation, and settlement of the change, and the settlement contract modification. The records are identified in MPR 5000.1, "Purchasing," Appendix D. Retention requirements are set forth in the FAR, NFS, and NPR 1441.1 "NASA Records Retention Schedules".

9.2 Forms. The blank forms listed below are not records:

MSFC Form 4063/Route Sheet Award Document  
MSFC Form 4179/MSFC Contracting Officers Instruction Sheet (COSIS)  
NASA Form 1098/Checklist for Contract Award File Content

9.3 Format. The blank format listed below is not a record:

Contract Change Authorization

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## 10. PERSONNEL TRAINING AND CERTIFICATION

See PS-OWI-02, "Training," and MWI 5100.1, "Initiating Procurement Requisitions"

## 11. FLOW DIAGRAM

See Appendix A.

## 12. CANCELLATION

MWI 5143.1E dated May 22, 2003

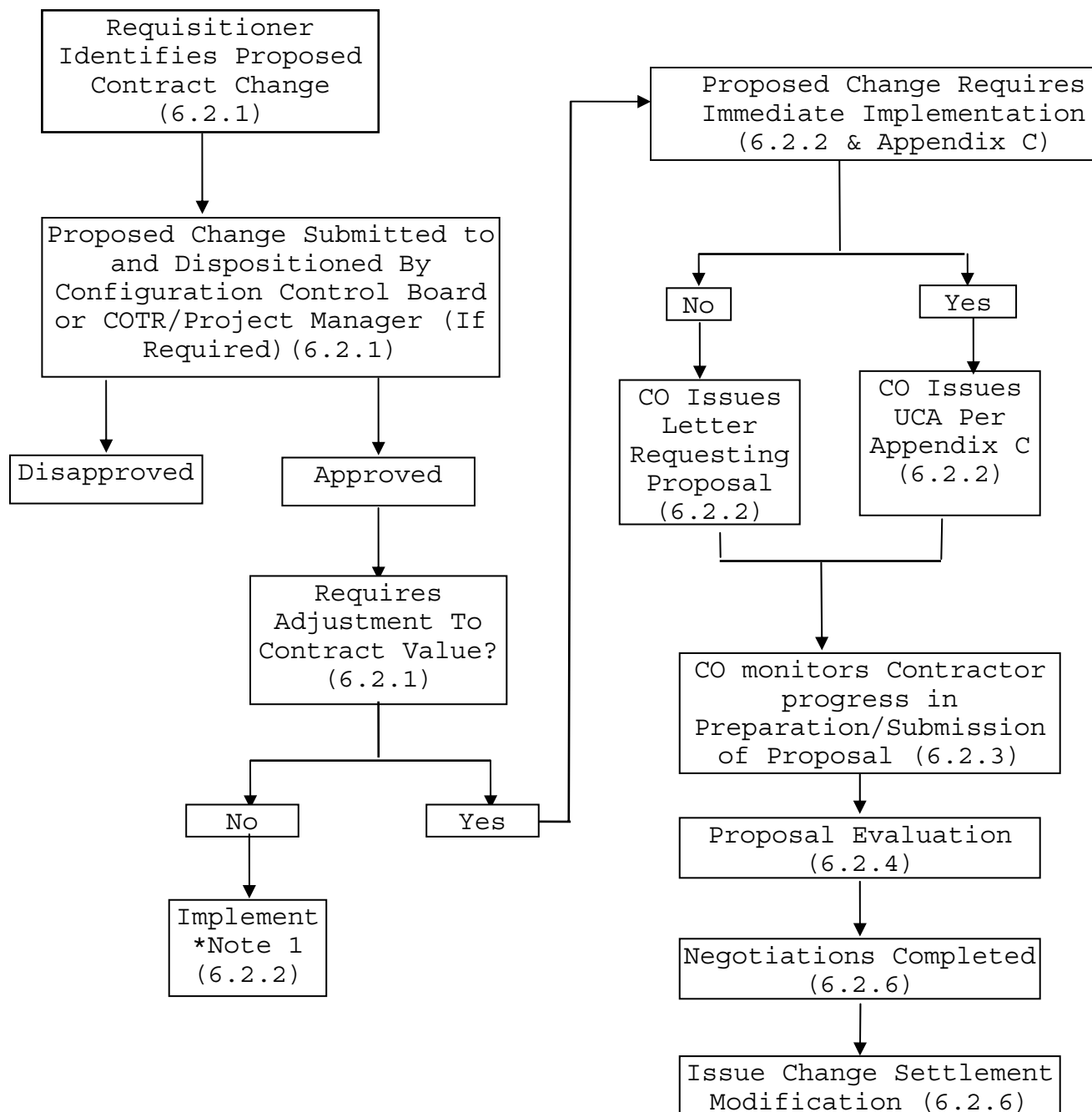
Original signed by  
Robin N. Henderson for

David A. King  
Director

Appendix A	Contract Change Process Flow Diagram
Appendix B	Proposal Preparation Instructions for Program Stretch-Outs and Program Realignment
Appendix C	MSFC Undefined Contractual Action (UCA) Change Policy and Processing Procedures

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## APPENDIX A CONTRACT CHANGE PROCESS FLOW DIAGRAM



\*Note 1. Some contracts contain special clause(s) that do not require contract value adjustment for changes within established cost thresholds.



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## APPENDIX B

### PROPOSAL PREPARATION INSTRUCTIONS FOR PROGRAM STRETCH-OUTS AND PROGRAM REALIGNMENTS

B.1 FAR 15.403-5(b)(1) authorizes Contracting Officers to require submission of cost or pricing data for proposals, excluding termination proposals (FAR 49.6), in the format indicated in Table 15-2 of 15.408, specify an alternative format, or permit submission in the contractor's format. If a Contracting Officer specifies an alternative format or permits submission in the contractor's format, they shall ensure that all estimated and/or incurred costs are provided with supporting information, adequately cross-referenced as prescribed in Table 15-2, and are suitable for detailed government analysis.

B.2 Proposals for program schedule change (acceleration or stretch-out) and program realignment shall be provided in Format IIIB of Table 15-2, Change Orders, Modifications, and Claims. Column 4, "Net Cost to be Deleted", and Column 5, "Cost of Work Added", are particularly important to ensure the actual cost/profit relationship existing at the time of the change is not disturbed. Development of the "Deleted Cost" (Column 2) shall include the "Actual Cost at the Time the Change is Effective" (Column 3), and an "Estimate to Complete the Current Schedule" (Column 4) based on current rates and factors. The "Cost of Work Added" (Column 5) shall include the most current actuals available for the effort completed, plus an estimate to complete the revised schedule based on current rates.

B.3 Normally, proposals for stretch-outs and program realignments contain effort associated with undefinitized change orders. This cost is often commingled with the proposed cost for the original schedule and/or the revised schedule. To ensure proper evaluation, changes shall be priced individually to the revised schedule. These individual proposals shall also be submitted in the format prescribed by Table 15-2, Format III.B. This method simplifies the development of the cost for the original and revised schedule, plus, it provides the evidence from which to determine that an equitable adjustment was made for each of the change orders. This information is normally lost when the undefinitized changes are commingled with the stretch-out or realignment cost.

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## APPENDIX C

### MSFC UNDEFINITIZED CONTRACTUAL ACTION (UCA) CHANGE POLICY AND PROCESSING PROCEDURES

C.1 The following processing procedures shall apply to UCAs:

C.1.1 Issuance of undefinitized contract actions with a Government estimated cost or price over \$100,000 shall be approved in writing by the Center Director, except for contracts directly supporting the International Space Station (ISS) or Space Shuttle Program (SSP). UCAs issued against those contracts shall be approved in writing by the Deputy Associate Administrator (DAA) for the ISS and SSP in the Office of Space Flight (OSF). The Procurement Officer shall approve all other undefinitized contract actions in writing. (See NFS Subpart 1843.70, and PS-OWI-05.)

C.1.2 The following shall apply for required changes that are issued prior to negotiation under contracts that include a Special Provision for Contract Changes threshold, sometimes referred to as a "Swing Clause":

C.1.2.1 If the cost estimate for a required change is unknown or in excess of the "Swing Clause" threshold, the change shall be considered a UCA and processed in accordance with C.1.1.

C.1.2.2 If the cost estimate for the change is within the "Swing Clause" or threshold, the change shall not be processed as a UCA.

C.1.3 Undefinitized contract actions exceeding \$100,000 shall be issued as bilateral agreements setting forth a ceiling price or "not-to-exceed" estimated cost figure for the changed contractual requirements.

C.1.4 For undefinitized contract actions with a Government estimate greater than \$1,000,000 and not excepted under NFS 1843.7004 (see C.2) a 180 day funding profile shall be obtained from the contractor prior to execution of the UCA. (The NASA goal is to definitize UCAs within 180 days from date of issuance.)

C.1.5 Undefinitized contract actions with a Government estimated cost or price greater than \$1,000,000 shall include a requirement that the change shall be separately accounted for by the contractor to the degree necessary to provide the contracting officer visibility into actual costs incurred pending definitization. The contracting officer shall waive this requirement for individual actions if there is a documented finding that such accounting procedures would not be cost effective. A waiver shall not affect existing NASA Form 533 or other financial reporting requirements set forth in the contract.

C.1.6 When Center Director or DAA, OSF approval is required, a folder shall be prepared which includes the documents listed below. MSFC Form 4063 shall be placed on the cover of the folder indicating the routing of the file to PS01 for review. (The need for Office of Chief Counsel review shall be determined by the Procurement Officer.) PS01 shall obtain the approval

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of the Center Director or DAA, OSF and shall subsequently send the file back to the appropriate office for execution of the modification.

#### Right Side of Folder

- (1) NASA Form 1098
- (2) Change Request
- (3) Other applicable documents, such as letters received from the contractor.

#### Left Side of Folder

(4) Contract Change Authorization. The contract change authorization shall be signed by the CO, COTR, and, as applicable, the Procurement Officer, Center Director or DAA, OSF. If approval to waive the not-to-exceed requirement is requested, the request and its rationale shall be added to the "Additional Comments" line of the form. The contract change authorization shall serve as the Memorandum for Record for the file.

(5) Bilateral Modification signed by contractor.

C.2 Exceptions to the requirement for Center Director, DAA, OSF, or Procurement Officer approval of UCAs are as follows:

- Modifications to facilities contracts;
- Modifications to construction contracts using Construction of Facilities funding;
- Urgent modifications resulting from Shuttle manifest changes or that involve immediate issues of safety or damage/loss of property;
- Modifications to decrease the contract value; or
- Modifications to letter contracts.

The contract file for any of the above modifications shall cite the exception and shall include complete supporting rationale for its applicability.